



## **Fiscal Year 2008-2009 Budget Review Recommended Actions January 5, 2009**



## Key Revenues

- Property Tax: (5 & ½ mos. collected)
- Prior Year Property Tax: (5 & ½ mos. collected)
- Sales Tax: (3 mos. collected)
- Investment Earnings: (5 & ½ mos. collected)
- Register Of Deeds Fees : (5 & ½ mos. collected)
- Fund Balance (Appropriated)
- **Overall FY 2008-09 Est. Revenue Shortfall:  
\$14.25 million**



## Revenues

- FY 2008-09 Revenue Estimates**

Revenue	Over/Under Collection
Property Taxes	\$3,291,416
Prior Year Property Tax	\$(499,199)
One Cent Sales Tax (39)	\$(777,888)
Half Cent Sales Tax (44)	\$(397,547)
Sales Tax City Reimbursement	\$1,041,984
Investment Earnings	\$(1,139,000)
Register Of Deeds	\$(1,250,000)
Duke Lease*	\$725,000
Fund Balance Appropriated	\$(13,498,466)
Other Revenues	\$(288,987)
<b>Total</b>	<b>\$(14,242,687)</b>

\*Contract Change With Duke Related to Durham Regional Hospital



## Historical Revenue Comparisons

Revenue	FY 08-09 Est. Over/Under Budget	FY 07-08 Over/Under Budget	FY 06-07 Over/Under Budget
Property Taxes	\$3,291,416	\$7,555,235	\$3,186,963
Prior Year Property Tax	\$(499,199)	\$(1,152,329)	\$(1,318,283)
One Cent Sales Tax (39)	\$(777,888)	\$(66,210)	\$1,815,493
Half Cent Sales Tax (44)	\$(397,547)	\$62,524	\$735,316
Sales Tax City Reimbursement	\$1,041,984	\$1,942,489	\$1,558,613
Investment Earnings	\$(1,139,000)	\$1,104,824	\$1,842,983
Register Of Deeds	\$(1,250,000)	\$(30,630)	\$659,790
<b>Total</b>	<b>\$269,766</b>	<b>\$9,415,903</b>	<b>\$8,480,875</b>



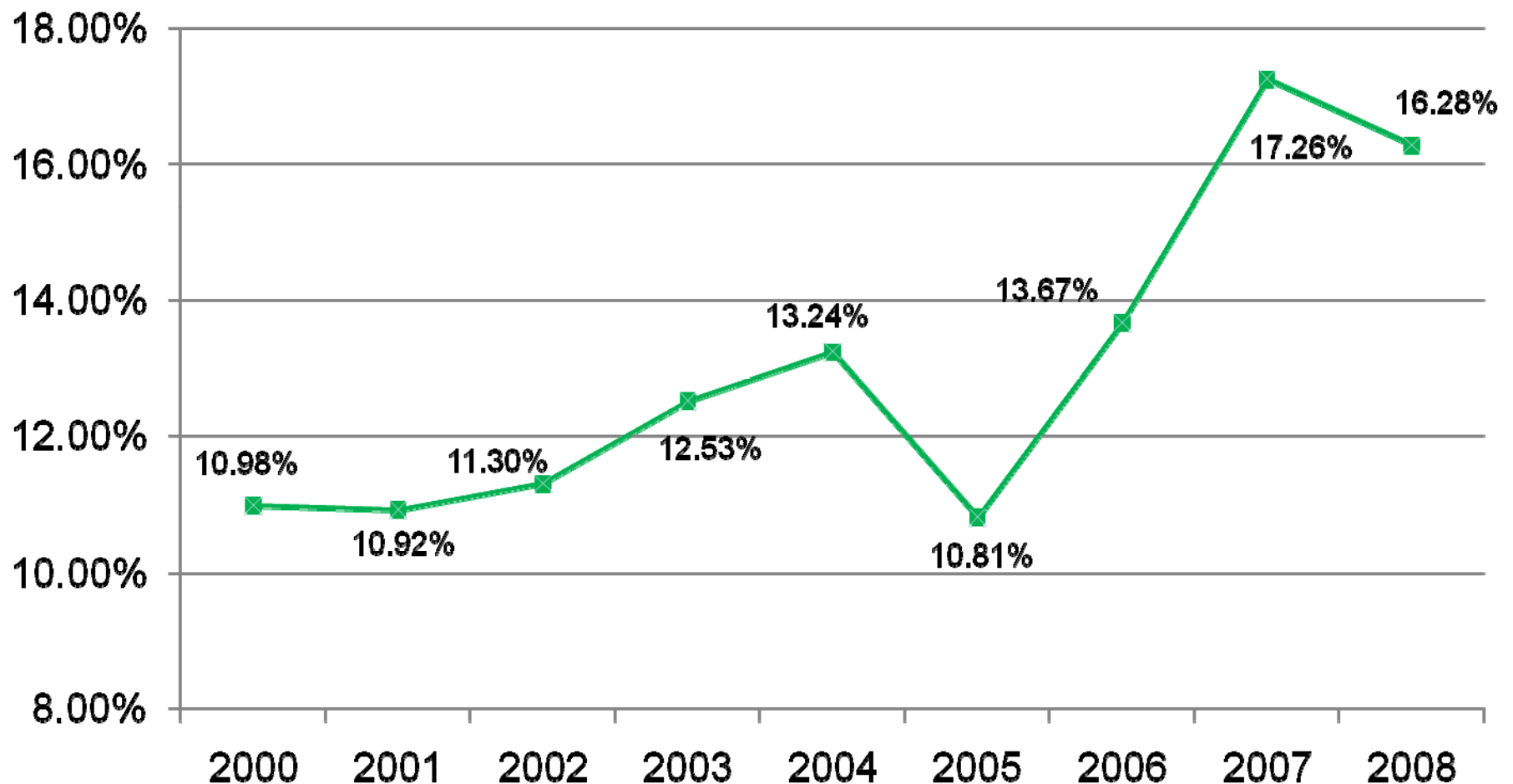
## Revenues

- General Funds Fund Balance
  - Local Government Commission Minimum is 8%
  - Durham County FY 2007-08 - 16.28%
  - Durham County Finance Policy Minimum - 15%
    - Supports Strong Financial Position
    - AAA Bond Status (Lower Interest Rates for Borrowing)
  - FY 2008-09 Fund Balance Appropriated: \$13,498,466
  - To maintain Fund Balance at 15% or greater, revenues must be over-realized and/or budgeted expenditures under spent

# Durham County Government



## Fund Balance As A Percentage Of Expenditures





## Expenditures

- Current year revenue estimates not enough to cover Fund Balance Appropriation
- **Expenditure Savings of \$14,242,687 Needed**
- **Estimated Trended Savings (Lapsed Salary, Unspent Operating and Capital): \$8,951,100**
- Vacant Positions are averaging 9% for the current year, in prior years the average has been 12% (decreasing available lapsed salary)



## Expenditures

- \$14,242,687 Under Realized Revenue
- \$8,951,100 Trended Expenditure Savings
- **\$5,291,587** Estimated Shortfall
- County Manager Requested More Expenditure Cuts From County Departments





## Other Requested Reductions

Department	Requested Cut	% Cut
Durham Public Schools	\$(3,081,862)	3%
Durham Technical Comm. College	\$(144,136)	3%
NC Museum of Life & Science	\$(43,370)	3%
APS Contract	\$(18,347)	3%
Nonprofits	\$(28,415)	3%
Contracted Services	\$(9,990)	3%
Departmental Operating Reductions	\$(1,415,467)	6%*
County Contribution (Open Space)	\$(550,000)	100%
<b>Total</b>	<b>\$(5,291,587)</b>	

\*Departmental Operating Reduction % includes trended savings



## Other Issues

- Mental Health
  - Original Approved County Funding of \$5.6 million (predicated with option of requesting \$2.1 million later in FY09 for same level of funding as FY08)
  - Recommended additional Co. funding of \$1.8 million - represents a 3% cut from FY08 budget
  - Amounts represent County funding only; not State or Federal funds
- Matching Grants Program
  - Will not make grant awards for FY2009
  - \$117,000 in General Fund Savings
  - Open projects from previous years unaffected



## Durham Public Schools

- In Order To Reduce County Funding For DPS
  - N.C. Gen. Stat. § 159-13(b)(9) Appropriations made to a school administrative unit by a county may not be reduced after the budget ordinance is adopted, unless the board of education of the administrative unit agrees by resolution to a reduction, or unless a general reduction in county expenditures is required because of prevailing economic conditions. Before a board of county commissioners may reduce appropriations to a school administrative unit as part of a general reduction in county expenditures required because of prevailing economic conditions, it must do all of the following:
    - a. Hold a public meeting at which the school board is given an opportunity to present information on the impact of the reduction.
    - b. Take a public vote on the decision to reduce appropriations to a school administrative unit.



## Situations to Watch

- Lower interest rates could lead to an increase in home refinancing or construction; this would positively impact departmental revenue projections.
- Normal levels of bankruptcies have been accounted for in property tax projections but an increase in the number of bankruptcies could negatively impact this revenue.
- All national trends show much lower retail sales levels over the holiday season than in previous years. The County will not receive December sales numbers from the State until March.



## Next Steps

- Hold Public Meeting Jan. 12, 2009 for Durham Public School Board response to proposed cuts
- Take a public vote on the decision to reduce Durham Public Schools county appropriation